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CLASSIFICATION SECRET

SECURITY INFORMATION

25X1A

CENTRAL INTELLIGENCE AGENCY

REPORT NO. [redacted]

INFORMATION REPORT

CD NO.

COUNTRY	East Germany
SUBJECT	Increase in East German Electric Power Production Capacity
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[redacted]

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1. Since [redacted] DIA Fachdirektion Maschinenbau, Berlin N 8, Mohrenstrasse 61, Kontor Export A1, has been negotiating with West German firms for the purchase of boiler drums within the interzonal trade agreement. At first, prospects for the DIA agency did not look good because all West German firms had enough orders to keep them busy and East Germany required delivery on very short notice. Preliminary negotiations concerned only boiler drums of the following dimensions:

   a) 3 boiler drums, 1,700 mm. outside diameter, 9,300 mm. cylindrical jacket length, wall thickness of 70 mm., 33 metric tons in weight

   b) 3 boiler drums, 900 mm. outside diameter, 9,300 mm. cylindrical jacket length, wall thickness of 40 mm., 10 metric tons in weight.

2. From the specifications of the desired boiler drums, it is clear that they were to be used as the upper and lower drums for three vertical-tube boilers with 1,200 square meters heating surface and a pressure of 80 atmospheres.

3. Since direct dealings with West German firms were fruitless, DIA Maschinenbau turned to an unidentified West Berlin firm which promised delivery by the Gutehoffnungshuette plant in Sterkrade. Then negotiations took place between the West Berlin firm and the Office for Interzonal Trade, the Federal Office for Trade in Frankfurt am Main and the Central Export Control Office. The three trade offices implied that they would probably approve delivery of the items. Shortly thereafter DIA notified the West Berlin firm that the entire project had been expanded and that three times the original number of boiler drums with the same specifications would be required.

4. Having learned that the Gutehoffnungshuette was prepared to make deliveries, DIA went directly to the firm's Berlin representative, thus eliminating the middle-man, the West Berlin firm. The Berlin representative of the Gutehoffnungshuette, Dr. (fnu) Schilling, was prepared to accept the order, especially when he was promised that the order would be increased. In the meantime, the order, which was much larger than originally planned, was

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was given to the Gutehoffnungshutte. The order in question is for 48 boiler drums of the above listed specifications. The drums will be used to construct 24 two-drum vertical tube boilers which will operate with a pressure of 80 atmospheres and will have a capacity of 150 tons of steam per hour. This means that the 24 boilers with their 3,600 tons of steam per hour could produce 720,000 KW per hour, or, for one year, figuring 8,000 operating hours, 5,760,000,000 KW.

5. A good indication of the extreme interest of DIA in this transaction is the price paid for the boiler drums. DIA agreed to pay approximately 30 percent more than the standard sale price. The design and construction of the boiler drums precludes their use as spare parts in plants in need of repair.

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